



# San Pedro Peninsula Homeowners United, Inc.

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March 25, 2013

Ms. Aleta James  
City Planner  
LA City Planning Dept., Room 525  
200 Spring St.  
Los Angeles, CA 90012

## RE: NUSAINCE ABATEMENT: RANCHO LPG, SAN PEDRO

Dear Ms. James,

Per the recent email received from you dated March 14, 2013, please find the enclosed legal demand from the US Environmental Protection Agency against Rancho LPG LLC.

Aside from the listed items of non-compliance to federal laws and regulations as noted in the EPA letter, we emphasize the underlying foundational issues that will undermine *any* attempts by Rancho to fully meet compliance.

In addition to the 6 EPA listed violations, Rancho does not comply with the basic API standards (2510) for LPG storage. Specifically, they fail the set back requirements of 200 ft. from neighboring land use. This specific standard applies to the facility on the south, east and northeast. Had this facility (under the original name of Petrolane LPG) received a **proper** City permitting review process, this deficiency would have been identified resulting in the *refusal* of a permit to build. The LA City permit was only issued under "permitted as built" five years after the facility's construction, and certified *while under full operation*.

AQMD records show that the Rancho facility was designated as "sold" from its second owner, Amerigas, on their inspection forms as early as 2005. The actual date of change of ownership is unclear although we found a reference that the final change to Rancho did not occur until November of 2008. Whatever the case, the Amerigas named permit was the *only one* on file until 2009.

When the facility formally changed into the operation of Rancho LPG, they were required under the law to procure an AQMD permit in that name. Rancho did not apply for a permit until after an inspection in early 2009 when the inspector, Gale Jones, advised them that their permit should have been changed to the current operation's name. This means that they were operating under the new ownership for several months, or perhaps years, absent the proper AQMD permit in clear violation of the law.

Also required was a *new* Risk Management Plan. The plan that Rancho submitted was simply a "roll over" plan from the previous Amerigas facility with a number of those deficiencies noted in the EPA complaint. This illustrates a company that is indifferent to laws and in particular to safety.

The facility has received a number of violations for many years varying in magnitude of seriousness. Enclosed in our complaint are AQMD records of their inspections and over 30 violations and notices to Comply beginning in the year 2000, while under the Amerigas name, and extending forward under the Rancho name until February of 2013. As you will see by this history, there is a chronic situation of problems. Facilities, such as this one, are guaranteed operational malfunctions, leaks, accidents and errors that are simply unpredictable, uncontrollable and literally guaranteed. In the case of Rancho LPG, with its 40+ year old infrastructure, you can be assured that the problems associated with failure will continue to become worse every day that they remain in operation. The formidable volume of **25 Million Gallons of Butane Gas** elevates concerns related to public safety to an extremely high level. There is no other facility in the Harbor region that can compete with the vulnerabilities and hazards associated with this LPG facility.

In 2010, Rancho reported emissions of 1,3 Butadiene, (8.2 lb/yr), benzene (20.6 lb/yr), formaldehyde (260.5 lb/yr) These gasses are all carcinogens. Strangely, they have not reported any hazardous air pollutants since that year.

The AQMD inspects the facility only once a year. During an inspection in 2011 Rancho received a notice of violation for butane leaks greater than 100,000 parts per million.

On March 8, 2012 a collision occurred between a Rancho rail car and a semi truck at the intersection of Westmont Drive & Gaffey Street. (photo enclosed) This collision was located just outside the Rancho facility gates and on a section of rail under the jurisdiction of the City and Port of Los Angeles. Miraculously, there was no rupture of the rail car. The accident occurred just as the local elementary school, Taper Avenue, was dismissing students. There was no notice to the three most adjacent schools, the daycare center across the street, the local businesses or any adjacent homeowners. The accident was not reported by the facility to LA Fire, nor was it reported to the City of LA regarding the activity which took place on the Port's own "permitted" rail property. The accident was reported to the LA Port and Harbor commission by homeowners. This section of the rail is on a monthly "roll over" permit granted by the City of LA (managed by the Port of LA) and carries with it an approximately \$1 million dollar Rancho liability insurance policy. Had an accident occurred, the damages incurred from explosion and fire would have *dwarfed* this meager policy.

Again, in October of 2012, multiple calls were made to the AQMD regarding odors of gas in the Harbor area. After careful investigation by the AQMD, the odors were attributed to a leak of toxic agent Ethyl Mercaptan (an odorant added to propane & smaller vessels of butane ) from the Rancho facility. It is important to note that the bulk of LPG stored at Rancho is "butane" which is both *colorless and "odorless"*. The massive 25 million gallons of stored butane gas is NOT infused with Ethly Mercaptan. This means that there is **NO way** to clearly identify Butane leaks from the two largest tanks on the premises.

On January 30<sup>th</sup>, 2013, a significant "flaring event" was digitally recorded at approximately 4:30 AM. (photos enclosed) by a local resident. This was immediately reported to the EPA (Mary Wesling) who inquired to Rancho whether it was their release or not. The email answer to EPA was copied to our homeowners (also enclosed) from Rancho stating that it was, in fact, their facility and that they were *under no obligation* to report the incident to the AQMD.

The problems, risks and jeopardy from Rancho are more than apparent. The City Planning provisions within the Nuisance Abatement Ordinance allow City Zoning authorities *to protect the public peace, health and safety from any land use which becomes a nuisance*. The written determinations that your department has requested to substantiate this point are all present and recorded by the AQMD and the EPA in reports of violations. This is your written proof of a troubled history with an "ultra-hazardous" facility that cannot control future problems and has a very real prognosis for catastrophe. The issue boils down to the repetition of violations due to the natural break down of an antiquated infrastructure accompanied by great potential for accident, human error, extraordinary seismic and geologic vulnerabilities, and significant terrorism potential. While some repair may temporarily resolve a problem at Rancho LPG, the greater problem is related to a prolonged tacit approval by the City of LA to allow the threat of the public to continue.

The fact that the Rancho LPG facility meets all criteria of the legal definition of an "Ultra-Hazardous Activity" (as referenced below) gives great momentum to the necessity of removal.

#### **ULTRAHAZARDOUS ACTIVITY CRITERA**

Whether an activity is ultra hazardous is a question of law. *SKF Farms v. Sup. Ct. (1984) 153 Cal. App. 3d 902. California has adopted the Rest.2d Torts approach for determining whether activities are abnormally dangerous:*

1. *Existence of a high degree of risk of some harm to the person, land, or chattel of others;*
2. *Likelihood that the harm that results will be great;*
3. *Extent to which the activity is not a matter of common usage;*
4. *Inability to eliminate the risk by the exercise of reasonable care;*
5. *Inappropriateness of the activity to the place where it is carried out;*
6. *Extent to which its value to the community is outweighed by its dangerous attributes.*

The essential question is whether the risk created is so unusual, either because of its magnitude or because of the circumstances surrounding it, as to justify the imposition of strict liability from the harm that results, even though it is carried on with *all the reasonable care*. In the case of Rancho LPG, the multiple violations submitted indicate that "reasonable care" has not truly been adequately demonstrated adding even more significance to the urgency in removing this facility.

#### **DAMAGES**

There has ***never*** been any disclosure by real estate brokers to buyers that Rancho LPG stores 25 million gallons of butane on a site that is a documented earthquake rupture zone, a liquefaction & landslide area, and in a tsunami zone. Butane burns far more readily than other fuels and the excessive temperature from its fire will ignite combustibles for miles. Other fuels must vaporize before they will burn. Butane vaporizes so instantly that it creates its own vapor explosion!

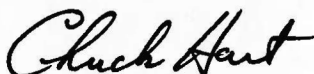
Despite all USGS and City of LA documents stating the opposite, "Rancho LPG"/ "Plains All American Pipeline's" consistent position states they are *not* in an earthquake rupture zone *nor* a Landslide and Liquefaction Area. Such obduracy borders the ridiculous. A **disclosure** of the *true risk* posed by this facility would result in a decline of the value of homes within a radius of 6.8 miles (potential worst case of impact). Notice should be given to future prospective buyers of the potential devastation to the entire surrounding area from an explosion at Rancho LPG's facility. This *includes* the lending institutions and buyers of the projected 800 + homes in the *Ponte Vista housing development* currently going through the Environmental Impact Review Process in the City of LA. Damages would be the actual *loss* in value of any real estate in the area caused by the disclosure of the above.

Since Liquid Petroleum Gas is so explosive and the volume of gas held at Rancho so immense (representing the equivalent, according to Rancho's own consultant, of **over 50 atomic bombs**), the concern for public safety is paramount! Rancho has demonstrated an indifference on the part of their company to public safety. This is unacceptable. The existence of Rancho LPG continues to threaten the safety of the Harbor area and the Port of Los Angeles. The violations detailed in this letter point to Rancho's clear allegiance to their company's profits and continued disregard for public safety.

It is therefore our request that the City of Los Angeles Planning Department initiate Nuisance Abatement hearings pursuant to the authority that LA City Planning possesses under LAMC 12.27.1 (copy enclosed); and that the LA Planning Department exercise the power it possesses under Section 217 of the Charter (copy enclosed) to subpoena Rancho's insurance.

Our Homeowners wish to remain steadfast in our pursuit of Nuisance Abatement proceedings with the LA City Planning Department. It is vital to the safety and security of Harbor Area residents and to the operations of the Port of Los Angeles to remove this threat as soon as possible. The LA City Planning Department and the City of Los Angeles must act immediately to protect and ensure the safety and well being of its people and its neighboring communities.

Sincerely,



Chuck Hart  
President

(310) 833-0959

Cc: Michael LoGrande, LA Planning Director  
Mayor Villaraigosa  
City Attorney Trutanich  
City Controller Greuel  
City Councilman Joe Buscaino  
(All) LA City Councilmembers  
LA Harbor Commission  
LA City Attorney Candidate, Mike Feuer  
LA City Controller Candidate, Ron Galperin  
Rancho Palos Verdes City Council  
Mary Wesling, CA EPA